(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHAN POOJARI): (a) to (d) The Supreme Court, in the judgment delivered on 22-1-87, in the matter of Peerless General Finance and Investment Company Ltd., had made observations regarding certain features of the Scheme of the Peerless Company. These, *inter alia*, include the following:—

(1) The deposits made with the Company give a very low yield—six per cent compound or seven per cent simple rate of interest and the deposits are accepted for a longer period;

(2) Advertisements are issued by the Company in beguiling terms;

(3) A high rate of commission is paid to the agents who have social, political and official connections;

(4) The business of the Company is not akin to the business of LIC;

(5) Peculiar system of accounting by the Company where first year's subscription is shared between the Company and agents and is treated as income; and

(6) A high degree of lapsation of certificates after first years subscription.

Government have taken due note of the above for appropriate necessary action in the matter.

In the Judgment, the Supreme Court also animadverted to some of the aspects of the insurance business of the Life Insurance Corporation of India. The main observations made in regard to LIC pertain to lapsation of LIC policies and the existing provisions for forfeiture of premiums under some LIC policies if the policy-holder commits default and does not pay any of the first three premiums. It was observed that since it is the poorer class of policy-holders that may ordinarily be expected to commit default, the forfeiture clause in practice operates harshly against the poor. The Honourable Court suggested that the LIC may consider revision of its terms of policies including introduction of short-term small amount policies with no forfeiture clause, and some incentives such as reduced premiums for continuing to pay premiums regularly.

Government have taken due note of the above observations of the Supreme Court for appropriate necessary action. LIC has since undertaken a special revival campaign for the revival of policies which had lapsed within a period of three years. The highlights of the special revival campaign, which shall remain in force upto March, 31, 1987, include condonation of one-third of the amount of interest on the arrears of premiums required for revival, revival of a policy for a sum assured upto Rs. 50,000 without medical examination where the present age of the life assured does not exceed 45 years. The campaign is expected to benefit many policy holders who could not keep in force their policies for one reason or another after paying their first premiums.

It may be added that the Life Insurance Corporation was not a party to the proceedings before the Supreme Court.

Overdraft by Kerala Government

1964. SHRI GURUDAS DAS GUPTA:

SHRI N. E. BALARAM:

Will the PRIME MINISTER be pleased to state:

(a) whether it is a fact that the Kerala Government have been in unauthorised overdraft with the Reserve Bank of India;

(b) if so, the details thereof;

(c) whether any other State Governments have also been running such unauthorised overdrafts with the R.B.I.; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI B. K. GADHVI): (a) and (b) During the current financial year, 1986-87, Kerala had been in overdraft on three occasions *viz.* (a) for five continuous working days from 22-12-1986 to 27-12-1986, (b) for one day on 23-2-1987 and (c) for one day on 25-2-1987.

(c) and (d) Nine more states *viz.* Andhra Pradesh, Assam, Gujarat, Haryana, Karnataka, Maharashtra, Orissa, Uttar Pradesh and West Bengal had also been in overdraft ranging from 1 to 7 days, but never for more than 7 continuous working days. As per the overdraft Regulation Scheme, R.B.I. would stop payment on account of any State which remains in overdraft for more than 7 continuous working days.

Rvised orders for payment of overtime allowance to Central Government employees

1965. SHRI SURESH PACHOURI: Will the PRIME MINISTER be pleased to state:

(a) whether consequent upon the revision of pay-scales of the Central Government employees, revised orders have been issued regarding the payment of overtime allowance to Central Government employees so far as their eligibility and the rate of overtime is concerned and if so, what are the details thereof;

(b) whether it is a fact that the payment of overtime allowance becomes essential to Central Government employees in various Ministries and Departments of the Government of India particularly during Parliament Sessions when the employees have to work for longer hours; and

(c) if no orders have been issued so far what are the reasons thereof?

THE MINISTER OF STATE IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS AND THE MINISTER OF STATE IN THE MINISTRY OF HOME AFFAIRS (SHRI P. CHIDAMBARAM): (a) to (c) Consequent upon the Fourth Pay Commission's recommendations it has been decided to discontinue payment of overtime Allowance. It has also been decided to allow Extra Work Allowance under prescribed conditions for specific Categories of employees. The details are being worked out for issue of final orders in this regard.

In the meantime, in exceptional cases, where compensatory off days cannot be given and stay beyond office hours becomes unavoidable, compensation for extra work will be paid according to existing orders as Overtime Allowance. It will be calculated on the basis of national pay admissible to the concerned Government employees in the pre-revised scale of pay/pay slab and will be subject to the same terms and conditions as laid down in the existing orders. An interim order to this effect has also been issued.

Supply of GE F-404 engines for LCA from U.S.

1966. SHRI SURAJ PRASAD:
SHRI CHATURANAN MISHRA:

Will the Minister of DEFENCE be pleased to state:

(a) whether it is a fact that Government have decided to purchase eleven GE F-404 engines from the General Electric Company of US for the proposed Light Combat Aircraft; and